

# **PROCEEDINGS REPORT**

of the

## **GOVERNOR'S CONVERSATION ON GIVING AND GRANTMAKING**

Setting the Pace for a Strong Montana

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**Hosted by:**  
**Governor Judy Martz**  
**and**  
**Susan Talbot, Chair, Governor's Task Force on Endowments and Philanthropy**

*Helena, Montana*  
*November 1, 2001*

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## BACKGROUND

The tragic events of September 11, 2001, have spotlighted the crucial role of America's independent sector as never before. The terrorist attacks and their aftermath have presented tremendous challenges to the nonprofit organizations Americans count on in times of need. And, the needs are monumental. None of the responding organizations could have imagined the immensity and complexity of the tasks they would be called on to perform. Fortunately, most had the capacity and resources to rise to the challenge.

*What can we do to ensure that Montana's nonprofit sector is positioned to perform as well?*

That was the question uppermost on Governor Judy Martz's mind as she sought the advice of approximately sixty representatives of business and industry, education, news media, government, community, and the nonprofit sector itself during this Conversation on Giving and Grantmaking held at the Montana Club, November 1, 2001.

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## PURPOSE

The Conversation represented a conscious and deliberate attempt to help address the need for adequate, predictable, and secure funding for the nonprofit sector and to increase donor options by developing ideas for expanding and strengthening organized philanthropy in Montana.

"Organized philanthropy" simply means setting up structures that provide for giving in a more planned, strategic, and proactive fashion instead of the more usual spontaneous, reactive giving (often referred to as "checkbook philanthropy"). Mechanisms for organized philanthropy include:

- private foundations
- community foundations
- family foundations
- corporate foundations
- corporate/ business giving programs
- donor advised funds
- giving circles.

It is hoped that this focus on organized philanthropy will elevate understanding of the importance of the nonprofit sector to Montana's economy, celebrate Montana's spirit of giving and Montana's social capital (trust relationships, which enable people to take action to make communities work), and strengthen Montana's communities.

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## PLANNING

To help plan and design this event, the Governor recruited the assistance of her own expert staff advisors and friends as well as representatives of the Task Force on Endowments and Philanthropy and the Montana Community Foundation. Consultant services and most planning costs were underwritten by a grant from New Ventures in Philanthropy, a national initiative to grow philanthropy in the United States by encouraging donors to give to or through a foundation or other type of grantmaking program.

## PARTICIPANTS

Participants in this Conversation came from many walks of life and from all across Montana. They were invited for their experience with successful organized philanthropy; their personal and professional concern for Montana's future economic security; their willingness to share observations, opinions, and advice; their successful business leadership; and their ability to make a difference.

Prior to the Conversation, participants received a briefing paper that profiled Montana's nonprofit sector, outlined the philanthropic climate, discussed important national and local philanthropic trends affecting Montana, and presented examples of best practices in organized philanthropy. (Copies are available from the Montana Community Foundation, telephone: 406/443-8313.)

## AGENDA

The agenda for the five hour Conversation was designed to introduce the Governor's concerns, provide a common background for discussion, and stimulate idea creation. After the welcome and introductory remarks by the Governor, Sue Talbot, Chair of the Governor's Task Force on Endowments and Philanthropy, and Barbara Ranf, the Governor's Chief of Staff, led five participants in a roundtable discussion.

Russ Ritter, President of the Dennis and Phyllis Washington Foundation provided a family/business foundation perspective; Sidney Armstrong, Executive Director of the Montana Community Foundation, discussed the role of community foundations; Linda Reed, Manager of Local Government Relations for Qwest, discussed organized corporate philanthropy and business giving programs; John Barger, Senior Vice President of Davidson Trust and Davidson Investment Advisors, talked about the role of private-sector financial advisors in strengthening organized philanthropy; and Alice Shobe, Chief Operating Officer for Philanthropy Northwest, discussed the role of regional associations of grantmakers and shared Philanthropy Northwest's experience with its grant from New Ventures in Philanthropy to promote giving and grantmaking.

Participants were then assigned to sector-related pacesetter groups to brainstorm and develop ideas for expanding or enhancing organized philanthropy in Montana. (Remarks are presented in detail in the body of this report.)

Several Montana businesses joined in sponsoring a luncheon where participants continued their discussions and developed additional ideas.

## OBSERVATIONS

The Conversation addressed most of the thinking points listed in the back of the briefing paper. From the discussions, we gleaned six important key observations:

- 1. To encourage new giving structures, it will be important to help donors develop a giving philosophy,** which is critical for the development of successful organized philanthropy. To structure effective giving programs, donors must first identify and articulate their philosophy toward giving.
- 2. To encourage new donors to participate in organized philanthropy, Montana must move beyond providing technical information to developing personal relationships.**

Montana has been focusing primarily on providing technical information to donors, yet the experience of those engaged in successful organized philanthropy indicates that people give because they are passionate about something and want a personal relationship to it.

3. **Financial advisors are an important link to donors**, and Montana needs to engage them to ask the right questions of donors. Because of the emphasis on the personal as well as the technical aspects of organized philanthropy, it is important to define “advisors” more broadly to include personal and spiritual advisors, mentors, clergy, family, and friends.
4. **Montana’s high “social capital” provides a good foundation** for developing personal relationships with donors, cultivating and sustaining passion, and expanding organized philanthropy.
5. **There is evidence that funders outside Montana are interested in giving here.** We need to find ways to communicate the opportunities, benefits, and impacts.
6. **The most effective approaches to enhancing and expanding organized philanthropy involve partnerships** between and among the independent, private, and government sectors. While competition in certain areas may be inevitable, cooperation in others is possible and mutually beneficial.

## RECOMMENDATIONS FROM PARTICIPANTS

The Conversation succeeded in generating much good advice and many practical recommendations for expanding and enhancing organized philanthropy in Montana. Following are the top recommendations from each pacesetter group:

- **Work with Congress and the Montana Legislature to change the prior year charitable contribution deadline** for tax purposes to April 15, the same as for IRA contributions.
- **To involve more wealthy people** — especially wealthy part-time residents — in organized philanthropy, ask the Governor to serve as Montana’s ambassador, in coordination with the Task Force on Endowments and Philanthropy, to pay a personal call on (or convene an exclusive gathering of) wealthy part-time residents in the communities they consider “home” when she travels out of state.
- **To help businesses learn the range of opportunities to support Montana charities** (and to help Montana nonprofits understand the giving interests and procedures for requesting support from businesses), the Big Sky Institute for the Advancement of Nonprofits, the Montana Chamber of Commerce, local Chambers of Commerce, and individual businesses should collaborate in researching the needs of Montana nonprofits and the charitable interests of Montana businesses, and construct a searchable web-based database. The Governor also should expand the charge of the Montana Ambassadors to include promotion of the independent sector.
- **Pilot local media campaigns** in cooperation with the local newspaper to educate people about endowments and to solicit funds. For example, in Great Falls, the *Great Falls Tribune* is giving the Montana Community Foundation’s Russell Country Region free advertising space in a series of articles on endowments, with their logo displayed, culminating in a one-page pledge campaign advertisement listing all of the endowment funds in the region that are associated with the Foundation and allowing people to fill out a pledge form indicating which fund they would like to contribute to. The goal is not only to raise funds, but also to get more organizations to set up funds with the Foundation.
- **Develop youth philanthropy** to help provide a leadership cadre for the future. Recruit youth to every local and regional community foundation board.

- **Conduct a statewide survey of what nonprofits need**, and use that as a basis to create statewide and community-based coordinated responses and partnerships to help provide synchronized infrastructure, training, and communications.
- **Get information out to the public and policy makers** about the impact of the Montana Endowment Tax Credit, where it's going, and who it's helping.
- **Form a Planned Giving Council**, not just for education or nonprofits, but also for professional advisors and financial institutions. The group would be charged with developing a formal education process, for example, a Montana Institute on Philanthropy — a short-term summer education program, resulting in a certificate or similar credential, that could educate donors, volunteers, nonprofit staff, and interested others about various aspects of organized philanthropy and nonprofit management. It could be started with VISTA volunteers and incorporate contributions (and expertise) from the business community. By hosting the Institute in the summer at an attractive Montana location, such as the University of Montana's facility at Salmon Lake, the Institute could attract national speakers and high-caliber presenters.

## **FUTURE DIRECTIONS**

Governor Martz previously expanded the mission of the Governor's Task Force on Endowed Philanthropy to include promotion of philanthropy and approved a name change reflecting this expanded mission: the Governor's Task Force on Endowments and Philanthropy. The Governor has authorized the Task Force to recruit additional members specifically to advance key recommendations from the Conversation. In addition, the Task Force will ask the Governor to expand the role of the Montana Ambassadors to include promotion of the nonprofit economic sector.

Members of the Education Pacesetter Group are moving forward with plans to establish a Planned Giving Council and create a Summer Institute for organized philanthropy.

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# AGENDA

- 8:30 am Registration and Refreshments
- 9:00 am Welcome and Opening Remarks Governor Judy Martz
- 9:30 am Roundtable Discussion Susan Talbot and Barbara Ranf, Moderators  
Sidney Armstrong, Montana Community Foundation  
John Barger, Davidson Trust  
Linda Reed, Qwest  
Russ Ritter, Dennis and Phyllis Washington Foundation  
Alice Shobe, Philanthropy Northwest
- 10:30 am Break
- 10:45 am Pacesetter Groups  
Financial Advisors  
Private Donors  
Business and Corporations  
Community Foundations  
Nonprofit Organizations  
Public Policy  
Education
- 11:45 am Pacesetter Recommendation Reports
- 12:15 pm Luncheon
- 1:15 pm Closing Remarks/Next Steps  
Susan Talbot, Chair  
Governor's Task Force on Endowments and Philanthropy
- 1:30 pm Adjourn

## INTRODUCTION

Governor Judy Martz



Welcome! And, thank you for coming to our Conversation on Giving and Grantmaking. I am excited and appreciative that you have made time in your busy lives to help think about ways to strengthen organized philanthropy in Montana. These discussions can help us achieve a brighter future for our communities and our state.

I am very proud to continue the legacy created by Governor Racicot, who hosted the first Conversation in 1994. That Conversation led to significant increases in endowed philanthropy in our state. I am equally proud to continue the Governor's Task

Force, with an expanded focus to build not only endowments, but all philanthropy. Before we get started, I want to extend my personal thanks to the Governor's Task Force on Endowments and Philanthropy and the Montana Community Foundation for organizing this Conversation. Please join me in recognizing the good work of Sue Talbot, Chair of the Task Force, and Sidney Armstrong, Executive Director of the Montana Community Foundation.

Our thanks, also, to our generous sponsors who are paying for the wonderful food.

I want to express my appreciation to New Ventures in Philanthropy for making this Conversation possible through a grant to the Task Force and the Community Foundation. New Ventures in Philanthropy is a national initiative developed by major foundations to encourage new donors to explore the many pleasures and benefits of organized philanthropy.

Although no one from New Ventures could join us today, later this morning Sue will share with you an e-mail that we received from New Ventures. I sincerely regret that I cannot spend the entire time with you today. However, members of my staff — Chief of Staff Barbara Ranf and Chief Business Officer David Gibson — will participate throughout the Conversation, and Lieutenant Governor Karl Ohs will join a pacesetter group later this morning. They are participating because of their own interest in philanthropy. They will also serve as my eyes and ears.

I would also like to introduce University of Montana President George Dennison, Chair of the Governor's Commission on Community Service.

I have asked Task Force Chair Sue Talbot to assume hosting duties after I leave and to report to me following the Conversation. Thank you, Sue.

Now I think we can get down to business! As you can see by the agenda, we have a busy morning planned.



While Montanans are very generous — especially in their response to emergencies — often the giving is done in an informal, spontaneous way. It is essential that we build, strengthen, and formalize the philanthropic infrastructure of Montana.

The tragic events of September eleventh have provided new meaning to our giving efforts. The response to the immediate needs of survivors, victims' families, and rescuers was a spontaneous outpouring of generosity. I am heartened to report that Montanans, from our youngest to our oldest, have joined the rest of the nation by contributing hundreds of thousands of dollars to help provide relief along with their heartfelt prayers.

Montanans don't generally use the word "philanthropy" to describe their good works, but it truly is in their hearts. Whenever a neighbor needs a helping hand — Montanans are there. Whenever a community is in need — Montanans take action. Wherever help is needed — Montanans respond.

For example, Dupuyer Elementary School students — all seven of them — voted to donate half the proceeds from their annual rummage sale to the Twin Towers Fund. The funds they raise are normally used for field trips and other items not covered in the school budget. They will net about twelve hundred dollars, and will send a check for six hundred dollars. They were so proud of themselves when they decided to give away part of the money they could have used for fun activities. And, I am incredibly proud of these young folks.

Their dollars, like most of the charitable responses to September eleventh, were directed to long-time charitable institutions such as the American Red Cross, the United Way, the Salvation Army, and many more that are always with us in our time of need.

Perhaps not so obvious to us are the long-term needs — the economic, physical, emotional, and social distress resulting from the events of September eleventh. And, we can never forget the continued needs here at home in Montana and throughout the West. Once again, it will be those organizations — the ones that have built their capacity and resources to address the on-going needs of their communities — that will respond.

This only highlights the need for stronger organizations and generous and engaged donors, volunteers, and supporters.

Any of the nonprofit organizations here will tell you that their success requires more than money. They require gifts of time and talent, as well as treasure. They require both "financial" capital and "social" capital to succeed. So do their communities.

"Social capital" is something we don't talk about a lot. Social capital refers to trust relationships where we take action that makes our communities work. In fact, according to a recent Harvard University Social Capital Survey, Montana ranks among the highest scoring states in the U.S. for social capital.

We scored particularly high in social and inter-racial trust, participation in conventional politics, association involvement, and informal socializing. We still understand, value, and participate in our communities. It is one of our great strengths, and we must build on it. The Governor's Commission on Community Service plays an important role in building this effort.

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***“Whenever a neighbor needs a helping hand — Montanans are there. Whenever a community is in need — Montanans take action. Wherever help is needed — Montanans respond.”***

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Despite all of our charitable impulses, our love of human kind, our need to do good works, and our social capital, Montana's charitable giving profile continues to place us at the bottom of the list of states and continues to place our nonprofit sector at risk.

However, during the past decade, Montana's nonprofit sector has unexpectedly proved to be a "bright spot" in our troubled economy. Over the past ten years, this sector has seen an increase in revenue and in the number and variety of organizations. Between 1992 and 1998, total revenues for the state's charitable nonprofits grew 67 percent. Just as important is the vital role these organizations play in local communities by providing essential services and a way for community members to build healthy, vibrant, and attractive places in which to live and work.

The strongest communities are those in which organized philanthropy works in a partnership with government, business, and the nonprofit sector. These are the kinds of communities that retain and attract businesses because of the quality of life they offer. That it is what we hope to build for our entire state — and that is the major reason we're here this morning.

I want to emphasize again that, while Montanans are very generous in responding to immediate needs and raising funds through auctions, spaghetti dinners, car washes and the like, we need both spontaneous giving and structured giving. We need to add "organized philanthropy" to these informal and often spontaneous responses at which we excel.

I know from personal experience the challenges we face.

Working to raise millions of dollars to establish the High Altitude Speed Skating Center opened my eyes to the scarcity of funds and the shortage of out-of-state funders interested in giving in our state of Montana.

Since that time, I have been thinking about how Montana could organize the charitable impulse of individual citizens and businesses. In this way, we could provide a more dependable and predictable stream of funding for Montana nonprofits. I'm thrilled that my position as Governor allows me to engage all of you in thinking about this, too.

So, let's talk a little about what "organized philanthropy" is and how we can strengthen it to sustain our communities and fortify our nonprofit sector.

Organized philanthropy refers to giving to, or through, a foundation or other type of grantmaking program, such as United Way, Montana Shares, or other workplace-giving programs. Organized Philanthropy emphasizes working with donors to add value to their giving through strategic grantmaking, leveraging other resources, building a family or business tradition of philanthropy, and maximizing tax advantages.

It came to my attention just last week, that in the last couple legislative sessions, we have made some changes in the tax structure that affect philanthropy, and when we've got people who want to give, it penalizes them. There's a man from Bozeman who came in to the Governor's office and really made us aware of his study on this issue. So, as we come back to the table to plan for the next legislative session,

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***"The strongest communities are those in which organized philanthropy works in a partnership with government, business, and the nonprofit sector. "***

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we'll be looking at that very, very closely, with strong eyes, to find how we can strengthen philanthropy and encourage people to give, so that it's not the state that takes the money but it goes into the philanthropic organizations to keep our communities vital and solvent, to keep our organizations working, and to keep the benefit going back into the communities.

Organized philanthropy does not replace day-to-day giving. They exist side by side.

Fortunately, we're not starting from scratch. All over Montana, we are seeing an unprecedented increase in local community foundations and endowments in rural areas. These approaches are building permanent "savings accounts" to sustain their communities — to support local self-determination, build community capacity, and keep dollars working at home.

The time is right to expand these efforts. Beginning now, and extending over the next two to three decades, it is projected that more than ten trillion dollars will be inherited by postwar baby boomers.

This creates substantial opportunity to expand charitable bequests and other types of giving and to build organized philanthropy.

We also have the advantage of success on our side. Thanks to the Governor's Task Force, the Montana Endowment Tax Credit, and other innovative solutions originating at that 1994 Conversation, more than one hundred million dollars has been added to Montana charitable endowments.

An example of something that can be done, and should probably be done — and I hope will be done — is, as the Canyon Ferry home sales come to fruition, those monies will be put into an endowment where there will be conservation trusts created to make that money work in the state of Montana.

My challenge and my charge to you today is to take the next step ... to engage your ingenuity to strengthen organized philanthropy in Montana. As you exchange ideas, consider these three things:

1. How to involve more people or organizations in organized philanthropy.
2. How to increase the amount of money in organized philanthropy.
3. How to benefit the entire state.

And, let me again say 'thank you'. Thank you for participating and for taking an active role in this conversation for the betterment of our state. Again, I'm sorry that I can't be here to participate in the discussion. This is a challenge I believe very deeply in ... keeping money moving in the private sector to keep nonprofits moving in the community, to keep our endowments growing, so money can go back into important issues in the state of Montana, so that, when we look at this from the state level — as government — we'll be looking from the side of those nonprofit organizations from here on in.

Let me now turn the Conversation over to our host, Sue Talbot.

Sue moved to Billings in 1965 and on to Missoula in 1970. Sue has certainly served her communities and state beyond the call of duty. Among her many honors, Sue and her husband received the

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***“Organized philanthropy emphasizes working with donors to add value to their giving through strategic grantmaking, leveraging other resources, building a family or business tradition of philanthropy, and maximizing tax advantages.”***

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Governor's Award for the Arts. Sue has served as chairman of Missoula United Way, Montana Arts Council, and the Montana Community Foundation. Especially "close to her heart" are the Citizen Review Board and the Missoula Youth Homes. Thank you, Sue, for being a true philanthropist!



**Susan Talbot, Chair  
Governor's Task Force on Endowments  
and Philanthropy**

Thank you, Governor. I am truly proud to live in a state where our two most recent governors have committed themselves to innovative solutions for increasing philanthropy on our state. We have attracted nation-wide notice for their commitment to philanthropy. Today, with the support of Governor Martz, Lieutenant Governor Ohs, and

members of their staff, we will continue the conversation begun seven years ago and, I am confident, come up with even more exciting and innovative ideas.

In her remarks, Governor Martz spoke about "social capital" and the high score Montana has received for our social capital. I have been reading Robert Putnam's *Bowling Alone* and found in it an excellent definition: "*social capital refers to connections among individuals or social networks and the norms of reciprocity and trustworthiness that arise from them.*" Montanans still have that feeling of reciprocity and trustworthiness. Our task today is to build on that feeling and thereby strengthen organized philanthropy in Montana.

Now I would like to read you the letter sent to us by New Ventures in Philanthropy:

Dear Governor Martz,

Congratulations on continuing the legacy of former Governor Marc Racicot, who launched the first state-wide Governor's Conversation on Endowed Philanthropy in 1994. The national philanthropic community is well aware of the substantial progress made by Montana in this area.

New Ventures applauds your sponsorship of this second Governor's Conversation on Giving and Grantmaking, and is glad to support this event through a planning grant to the Montana Community Foundation, on behalf of the Governor's Task Force on Endowments and Philanthropy. We anticipate that the results of this conversation and subsequent activities will have an equally great impact on the expansion of philanthropy in your state.

New Ventures in Philanthropy and the Forum of the Regional Associations of Grantmakers salutes the Montana Legislature, the Governor's Task Force on Endowments and Philanthropy, Montana's financial and business community, individual donors and the nonprofit community in extending the Montana Endowment Tax Credit. This legislation is unique in the nation, and the donors who take advantage of it to build endowments will help to ensure the future stability of Montana's nonprofit sector.

A special initiative of the Forum of Regional Associations of Grantmakers, New Ventures in Philanthropy is a privately funded, multi-year initiative to promote the growth of philanthropy in the United States. Our family of grantees encourages new donors — whether individuals or businesses — to explore the many pleasures and benefits of organized philanthropy by establishing a foundation or other type of giving vehicle. Since fall of 1998, New Ventures has made 43 grants totaling over \$5 million to organizations all across the country.

These grants have funded projects such as:

**The Baltimore Giving Project**

**Baltimore, MD**

Lead organization: Association of Baltimore Area Grantmakers

The Baltimore Giving Project is implementing a strategy for encouraging philanthropy amongst wealthy African Americans, newly wealthy young entrepreneurs who own small to mid-size companies, and baby boomers who stand to inherit wealth in the next 40 years. The Coalition consists of foundation, United Way, and corporate representatives; financial and legal professionals; and representatives of key nonprofit organizations.

**The Ozarks Philanthropy Project**

**Missouri Ozarks**

Lead organization: Ozark Foothills Development Association

The Ozarks Philanthropy Project is led by a Community Development Corporation. The project is serving a 53-county area known as the Missouri Ozarks, a severely economically disadvantaged region, by developing a region-wide coalition to promote a variety of philanthropic activities; creating donor pools of many kinds to foster charitable giving in a variety of ways; and conducting outreach to potential donors.

**South Florida Promotion of Philanthropy Initiative**

**South Florida**

Lead organization: Donors Forum, Inc.

The South Florida Promotion of Philanthropy Initiative takes advantage of South Florida's unique demographics by promoting philanthropy amongst Hispanic-owned businesses, the Jewish elderly, African Americans, the gay and lesbian communities, and other constituencies. Initiative partners include the Planned Giving Council of Miami-Dade County, the Jewish Funders Network, the Hispanic Business Group of the Greater Miami Chamber of Commerce, the United Way of Miami-Dade, the Donors Forum, and other stakeholders.

We wish you the best in your deliberations this morning and in implementing your plans to build philanthropy in Montana.

Sincerely,

Susanne Ross

Program Officer

New Ventures in Philanthropy

Forum of Regional Associations of Grantmakers

# ROUNDTABLE DISCUSSION

## Moderators

*Susan Talbot, Chair, Governor's Task Force on Endowments and Philanthropy*

*Barbara Ranf, Chief of Staff for Governor Martz*

## Participants

*Sidney Armstrong, Executive Director*

*Montana Community Foundation*

*John Barger, Senior Vice President*

*Davidson Trust and Davidson Investment Advisors*

*Linda Reed, Manager of Local Government Relations*

*Qwest*

*Russ Ritter, President*

*Dennis and Phyllis Washington Foundation*

*Alice Shobe, Chief Operating Officer*

*Philanthropy Northwest*



## SUE TALBOT

As you can see by our agenda, our first order of business is a roundtable discussion. Our discussion leaders are indeed leaders in Montana. It is my great pleasure to introduce Barbara Ranf, the Governor's Chief of Staff, who will join me in moderating the Roundtable, and who will introduce the Roundtable members. Barbara, thank you very much.

## BARBARA RANF

Thank you, Sue. I'm honored to be here representing the Governor at this Conversation about a topic that has been so much a part of my life. I want to thank our roundtable presenters for their willingness to share their experience and their expertise with us. Before they begin, let me introduce everyone at the table.

**SIDNEY ARMSTRONG** is the Executive Director of the Montana Community Foundation. She began with the foundation shortly after its establishment in 1988 and was named Executive Director in 1990.

Sidney served in senior staff positions to a former Montana Governor for eight years, and as Aide to the President of Montana's Senate for two legislative sessions. Her other experience includes work with Montana nonprofits, government, and in public and media relations. She is a graduate of the International School of Geneva, Switzerland, and the University of Montana.

She recently completed her terms on the national Leadership Team of the Council on Foundations, and is a member of the National Advisory Council for Rocky Mountain College, Rotary International, the Montana Ambassadors and participates in a grade-school tutoring program.

**JOHN M. BARGER** is Senior Vice President for Davidson Investment Advisors and Davidson Trust Company, both wholly-owned subsidiaries of the Davidson Companies, headquartered in Great Falls, Montana. In this role he oversees the day-to-day operations of Davidson Investment Advisors and directs marketing efforts for both companies. A native of Asheville, North Carolina, John holds a BA from the State University of New York — Albany and a Master of Education degree from Montana State University — Northern. Prior to joining the Davidson Companies, he was a financial planner in Great Falls. He is also a retired Air Force officer. John is a member of the Russell Region Committee for the Montana Community Foundation, the Endowment Committee for the Montana Council — Boy Scouts of America, the Golden Triangle Mental Health Foundation board of directors, and is currently the Vice Chair of the Leadership Great Falls Task Force. He and his wife Lauri have two sons and two daughters.

**LINDA REED** is the Manager of Local Government Relations at Qwest where she is responsible for third party advocacy and community relations. Prior to joining Qwest, she was the Economic Development Advisor to Governor Marc Racicot. Her background includes banking and natural resource development. She is a native of Idaho and thought of herself as a gypsy, having lived in eight of the eleven western states until moving to Montana in 1992 and finding a lifetime home.

**RUSS RITTER** is president of the Dennis and Phyllis Washington Foundation. Russ is also well-known around Helena as the former Carroll College Vice President for Advancement and as Helena's mayor for several years.

**ALICE SHOBE** joined Philanthropy Northwest in April 2001 as its first Chief Operating Officer. She is in charge of overall management of the organization and directly oversees member services and conferences and training including the annual Spring and Fall Conferences.

Alice served in a variety of capacities including Deputy and Executive Director of Impact Capital, formerly known as the Washington Community Development Loan Fund between 1994 and 2001. Impact Capital, a nonprofit "intermediary," provides grants, loans, and training to non-profit organizations developing affordable housing or other community development projects in Washington State.

Between 1989 and 1994, Alice worked as a City Planner for A Regional Coalition for Housing and The City of Kent, Washington.

Again, thank you all for joining us. Let's begin with Russ.

## **RUSS RITTER, PRESIDENT**

### *Dennis and Phyllis Washington Foundation*

We were asked to address why and how we got into the philanthropy business. We're unique in the sense that Dennis Washington started his business with three or four folks 30 or 40 years ago in Montana — he grew up in Washington, but spent most of his early years near Missoula in a low- to-middle-class area. He started in the construction business working with his uncle, but went out on his own. His success is well



documented: the business is now worldwide, with 70,000 employees in the US, Canada, and other areas. The primary business is in construction, transportation, mining, and natural resource development.

Dennis thought he could do a better job of responding to the many requests for money by forming a foundation, which he patterned after the Burlington Northern Foundation, as he had just purchased the railroad. The Foundation has been in operation for 14 years now. We've given away some \$37 million in Montana and the Northwest.

What changes have happened over this period of time? When we started, our approach was like using a shotgun — we gave a little here and there. Now our philosophy is to give money to make a difference. We've focused on education, community service, and disadvantaged youth and adults. We began helping in those areas where we had employees. As we grew larger, we focused our giving on the areas that needed the help. We expanded the vision and became involved statewide. So, one of the changes over time has been to move from the "shotgun approach" to more of a "rifle shot."

We're very concerned about where the money goes once it is given. We're concerned about high administrative costs. For example: food banks. We don't just give them money, we ask them what they need — a new walk-in freezer? We'll send you a check to go buy it. Or, for example, the Salvation Army helping kids: send us the bill for the clothes, and we'll send you the check. That's the way we do it — not everyone has to do it that way.

How does our operation really work? Rather than have you fill out an application form, we ask you to send us a one-page letter — Dennis feels strongly that you should be able to explain

in one page. We make a decision based on the information we ask ... not that the other ways of doing it are bad, it's the way we want to do it.

What happens to the application form you send us? I understand how it is: you don't want to call up and bug us, but how do you know where things stand? Our rule is: if you send it by the third Friday of the month, we'll act on it by the third or fourth Monday of the month. We have people who read them all, and then we get together as a group. There is always a consensus of "yeses" and a consensus of "nos," and we discuss the in-betweens. Every month we have a clean slate. We don't tell you how much to ask for. We've given \$500 and we've given \$5,000. We feel the amount should be driven by the project. We like matching funds. We feel that volunteerism is the key to success.

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***When we started, our approach was like using a shotgun — we gave a little here and there. Now our philosophy is to give money to make a difference.***

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## ALICE SHOBE, CHIEF OPERATING OFFICER

*Philanthropy Northwest*

I came to Philanthropy Northwest six months ago. We were one of the first recipients of a New Ventures grant, so I want to honestly share with you our experiences with it. Philanthropy Northwest serves five northwest states, including Montana, as a Regional Association of Grantmakers, referred to as a “RAG,” and is pleased to work with several Montana organizations.

Our project under New Ventures was referred to as the Northwest Giving Project and was conducted in collaboration among grantmakers in the Seattle and Portland areas. It focused on new wealth developed through technology — Microsoft, *etcetera*. We came together because of a common interest in promoting philanthropy and redirecting wealth.

We’ve been at it three years and have learned a few lessons:

1) We found that we had an overemphasis on **neutrality**, bringing together partners who had not worked together before. We were so keen on **not** competing that our message became totally bland. Our oversensitivity resulted in a neutral message. Our reputation for niceness hurt us. Our communication wasn’t sharing personal stories and resources, it was mostly technical information. Remember, people give because they’re **passionate** about something. To keep passion in your message, your partners should separately focus on building individuals into philanthropists, then celebrate your successes together. Don’t try too hard to build a common message.

2) Being entrepreneurial is important (especially in Portland). The head of Intel got excited about the project and took it on there. Portland turned around the program to focus on Intel wealth.

We were one of the first to receive New Ventures grants. We were a guinea pig. Now we’re trying to transition into the long-term effort. I want to emphasize the importance of working with financial advisors to educate clients. Financial advisors are an important link. We need to engage them to ask the questions of donors.

Today, we’re thinking of advisors more broadly, for example, personal and spiritual advisors, extending to mentors, clergy, family, and friends. We’re moving from a technical emphasis to a personal focus. Philanthropy is in large part about personal inspiration. Montana’s social capital is awesome. You have a real opportunity to build off it.

I’m here at this Conversation because Philanthropy Northwest can help. We can help by continuing to share what we’ve learned. We have 200 members and can help bridge the interests of organizations here in Montana.



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*“people give because they’re passionate about something.”*

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I came to the Grantmakers Gathering in Billings last spring, and I wrote an article about it. As a result, I received calls from other grantmakers interested in giving in Montana. We can be a resource. We have training courses and a website where we redistribute information and the knowledge of our members. You have a great opportunity to build off your social capital. Philanthropy Northwest is thrilled to be included.

## **SIDNEY ARMSTRONG, EXECUTIVE DIRECTOR**

*Montana Community Foundation*

How did we get involved in organized philanthropy? The Montana Community Foundation began with an earlier foundation in Billings. At that time, Montana's economy needed help, and specialists from out-of-state came in to advise on economic development. One in particular, David Birch, observed, "You are so busy fighting a Civil War that the world is passing you by."

The Montana Community Foundation provided a vehicle to help unite Montanans and bring them together. Today, community foundations are the fastest growing sector in philanthropy. We raise and invest funds for ourselves and others. We make grants and provide community leadership.

What changes have we observed at the Foundation since 1988? We have over 500 funds and \$36 million in total assets. Most important is the partnership effort among government at all levels, the business sector, and the independent sector. Together we are building better communities.

We have received exceptional national recognition for our efforts, and have truly educated people about the value of endowments and how to do planned gifts. Today, we have more emphasis on building for the future and more strategic grantmaking. National recognition is also bringing more foundation dollars into the state to do good things.

Another most important change is expanded donor services. We do a better job connecting donors to their communities, and helping them understand how to add value to their gift by taking advantage of the tax credit, while providing a permanent fund to benefit charity. For example, with a donor-advised fund, the donor can retain the right to recommend grants while enjoying the advantage of professional staff to advise, manage, and report on their funds. Donor-advised funds are an important giving tool for business because they provide a steady stream of charitable funds to support the business's philanthropic interests. Several businesses, such as PPL Montana, AAA, American Federal Savings Bank, Big Sky Carvers, Montana Bankers, Western Bank of Chinook, Valley Bank Helena, Mountain West Bank Helena, and others have established donor-advised funds with the Montana Community Foundation.



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***The Montana Community Foundation provided a vehicle to help unite Montanans and bring them together.***

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The Montana Community Foundation also connects out-of-state funders with what they want to fund. For example, the Valentine Foundation wanted to contribute to mitigate the impact of last year's fires in the Bitterroot Valley. They asked the Community Foundation to tell them what was needed. We did the research, and the Foundation sent a total \$200,000. This contribution supported housing, Energy Share, I Care a Ton, and other programs dealing with the after-effects of the fires. We were able to get that donor's goals accomplished. The same holds true for the Turner Foundation and its interest in youth programs, and the Montana Women's Fund. We received a \$500,000 challenge grant to help Montana women have better economic opportunity.

Thanks to Governor Martz, we have an opportunity to continue building partnerships to have a better state, better communities, and a stronger economy.

## **JOHN BARGER, SENIOR VICE PRESIDENT**

*Davidson Trust and Davidson Investment Advisors*

I think it's interesting and appropriate that, in our annual meeting of employees from all over the northwest, the most prestigious award is for the person who has contributed the most to philanthropy in their community. Maybe this reinforces that "social capital" finding, because the winner this year was Kelly Kuntz from right here in Helena, Montana.

How and why are we involved in philanthropy? The reasons aren't all that complex. We've been involved for a long time as managers of charitable assets. Nonprofit clients account for about twenty percent of our accounts.

This year we had clients with greatly appreciated assets they wanted to contribute to their community. Our goal was to help our clients accomplish their philanthropic goals and retain management of those assets, adding value to our client relationship.

We began running across clients who wanted to distribute charitable dollars through the Montana Community Foundation. So, we looked at where we could cooperate with the Community Foundation, as well as where we are in competition.

We've added a Director of Estate Planning to help our high net-worth clients and are looking to fill the position of Director of Charitable Giving to help provide more sophisticated advice for clients. For nonprofit clients, we've added specialized software and infrastructure for money management.

Until recently, we had managed only four charitable remainder trusts. Now we have more than 50 charitable remainder trusts and charitable lead trusts for other organizations.

Another trend and a significant presence in Seattle and Portland is giving turned toward family foundations ... foundations in a size we would not have previously thought families would organize around. I anticipate this will also happen in Montana. Another trend is donor-advised funds, which Sidney has already talked about.

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***"Our goal was to help our clients accomplish their philanthropic goals and retain management of those assets, adding value to our client relationship."***

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As far as best practices, I believe there's still room for partnerships, especially where nonprofits lack a robust administration. Nonprofits are good at gathering assets. "For profits" such as ours are better at managing assets. This can provide the front and the back of the partnership.

In terms of partnerships, colleagues from other firms have always been involved in providing seminars for constituent nonprofit organizations in our region. We also offer our graphic arts expertise to help nonprofits develop professional looking brochures and information.

## **LINDA REED, MANAGER OF LOCAL GOVERNMENT RELATIONS**

*Qwest*

I am here today representing Qwest. When we were US West, we had our own foundation and did an abundance of giving. Qwest still has a foundation, but giving is very tightly targeted strategically. It has been a hard transition in terms of local philanthropy.

We believe we have a role as a corporate citizen to give back. We believe we are doing something for the state that has even more value on the ground. Sometimes how we attack problems is not simply through philanthropy, but through technology and infrastructure development.

This morning's newspaper brought another dose of reality. Qwest earnings are below predictions, and the first things that go are charitable activities. This really speaks to the need for more organized philanthropy to help us weather the down times. Eventually, the economy will improve.

While we might cloak activities in altruism, the motive is tax advantage, customer base, etc. With the tax credit, we have manipulated behavior through public policy. The Governor's Task Force and the Montana Community Foundation exemplify the power of those strategies. We have seen an increase in giving. We need to continue to pursue those avenues.

Russ mentioned accountability. Nonprofits have a large mandate of being accountable. We need to think about how we are efficient and accountable to our donors.

The last thing is leadership. We often think of philanthropy as tied to dollars. In Montana, contributions of time can be just as important as contributions of money. Corporations have lent professional expertise to nonprofits through loaned executive and similar programs. We need to continue to encourage, and to allow for, employees to give their time and expertise.

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***"We believe we have a role as a corporate citizen to give back."***

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# PACESETTER GROUPS

Sue Talbot asked participants to gather in assigned “pacesetter groups” to brainstorm ideas to enhance organized philanthropy from the vantage point of the particular pacesetter segment.

Participants were instructed to think in terms of:

1. Improving the environment for organized philanthropy.
2. Creating structures that promote or advance organized philanthropy.
3. Organizing events that promote or advance organized philanthropy.
4. Increasing the capacity, efficiency, or effectiveness of organized philanthropy.

Participants also were instructed to consider ideas in terms of :

1. How the idea can involve more people in philanthropy.
2. How the idea can make the giving process more efficient or effective.
3. How the idea can increase the amount of funding for organized philanthropy.
4. How the idea can serve the entire state.

Each group was asked to present its top idea (noted below in bold).



## FINANCIAL ADVISORS

Cheri Burns, Montana Bankers Association,  
discussion leader

John Barger, D.A. Davidson Trust

Mischelle Krum, US Bank Trust

Colleen Larson, Valley Bank Helena

John Marchi, Big Sky Airlines

Lauri Perrodin, Yellowstone Boys and Girls  
Ranch Foundation

Steve Polhemus, Wells Fargo Trust

## *Recommendations*

### *Improving the Environment for Organized Philanthropy*

1. **Work with Congress and the Montana Legislature to change the prior year charitable contribution deadline for tax purposes to April 15, the same as for IRA contributions.**
2. Partnering of financial relationships between the trust company or department and brokerage firm.
3. Focus on increasing the size of the pie.
4. Create business inter-relationships that reflect job/nonprofit board/community.
5. Work to foster a spirit of non-competition among financial advisors by co-sponsoring events, sharing educational opportunities, providing outlets for smaller dollar giving.

6. Focus energy on lobbying efforts and education. Financial advisors have a problem knowing if a client's charity interest qualifies for the Montana Endowment Tax Credit.
7. Provide information to financial advisors about tax credit and charitable gift influence on tax planning.
8. Develop relationships between financial advisors and tax experts and CPAs.
9. Encourage clients' choices.
10. Educate financial advisors to talk about both planned gifts and outright gifts.
11. To encourage local philanthropy, financial advisors should gain knowledge of community service opportunities; gain knowledge about and encourage staff to serve in nonprofit board positions; pay dues for employees who want to participate; underwrite activities.

*Creating structures that promote or advance organized philanthropy.*

1. The Governor's Task Force should provide a clearinghouse of information on qualifying endowments in Montana. Encourage charities to publicize that they qualify for the Montana Endowment Tax Credit.

*Increasing the capacity, efficiency, or effectiveness of organized philanthropy.*

1. Share resources, such as graphic arts capability, with nonprofit organizations.
2. Partner with nonprofits. Recognize that they are a market. For example, the combination of DA Davidson plus the University of Montana Foundation links financial advisors with donors, equaling more clients for the investment firm and more donations for the foundation.
3. Work through the Montana Ambassadors to give time and money, as for the Arts Council.
4. Develop philanthropic promotion materials unique and specific to Montana.
5. Provide "back office" support for nonprofits.

## **PRIVATE DONORS**

Susan Talbot, Governor's Task Force on Endowments and Philanthropy, discussion leader

Barbara Anthony, Intermountain Children's Home

Steve Browning, Browning, Kaleczyc, Berry & Hoven

Tresa Smith, Boulder

Ed Stickney, Billings

Virginia Thompson, Helena

## ***Recommendations***

### ***Involving More People in Organized Philanthropy***

1. **To involve more wealthy people — especially wealthy part-time residents — in organized philanthropy, ask the Governor to serve as Montana's ambassador, in coordination with the Task Force on Endowments and Philanthropy, to pay a personal call on (or convene an exclusive gathering of) wealthy part-time residents in the communities they consider "home" when she travels out of state. The Task Force would help research the interests and concerns of those residents and help the Governor craft the case for support for each contact. The Governor would include one or two calls as part of her travel agenda.**

2. Educate CPAs.
3. Communicate and capitalize on passion for philanthropy, not just the technical instructions on how to do it.
4. Set up programs in local communities to educate people about philanthropy, endowments, and the Tax Credit.
5. Expand the Governor's Task Force to include representatives of the Congressional delegation and present summits for the delegation.

#### *Making the Giving Process More Efficient*

1. Continue the Endowment Tax Credit
2. Create and continue advantages for businesses to give

### **BUSINESS AND CORPORATIONS**

Josh Turner, Turner and Associates, discussion leader

Jack Ellery, TRW

John Langenheim, Langmont Associates

Tim McCauley, United Way of Lewis and Clark County

Rae Olsen, PPL Montana

Don Peoples, MSE, Inc.

Claudia Rapkoch, Montana Power Company



#### ***Recommendations***

Because ninety percent of Montana's businesses are small (ten employees or fewer), the opportunity for growth in business involvement in organized philanthropy lies primarily with small business.

**1. To help businesses learn the range of opportunities to support Montana charities (and to help Montana nonprofits understand the giving interests and procedures for requesting support from**

**businesses), the Big Sky Institute for the Advancement of Nonprofits, the Montana Chamber of Commerce, local Chambers of Commerce, and individual businesses should collaborate in researching the needs of Montana nonprofits and the charitable interests of Montana businesses, and construct a searchable web-based database.**

2. To help the private sector, government, and individuals understand the economic importance of the independent sector, the scope of responsibilities for the Montana Ambassadors should be expanded to include promotion of the independent sector.
3. To help small business understand the mechanics and the benefits of participating in organized philanthropy, the Montana Chamber of Commerce, local Chambers of Commerce, professional associations, and trade associations should include as part of an annual meeting, or similar regularly scheduled meeting, a session on organized philanthropy. Representatives of major Montana corporations present at this Conversation have volunteered to share their experiences

and offer guidance to other interested businesses. Content also could include discussion of the Tax Credit and philanthropy in general.

4. Communicate to businesses that charitable giving is a form of employee benefit.
5. Submit regular articles about organized philanthropy to Chamber newsletters.

## COMMUNITY FOUNDATIONS

Bill Pratt, Montana Community Foundation, discussion leader

Sidney Armstrong, Montana Community Foundation

Bill Cain, Montana Community Foundation

Gregg Holt, Hardrock Oil Co.

Amy Kelley, Governor's Task Force on Endowments and Philanthropy

Tim McGonigal, KTVH Television

Alice Shobe, Philanthropy Northwest

### *Recommendations*

1. **Pilot local media campaigns in cooperation with the local newspaper to educate people about endowments and to solicit funds. For example, in Great Falls, the *Tribune* is giving the Montana Community Foundation's Russell Country Region free advertising space in a series of articles on endowments, with their logo displayed, culminating in a one-page pledge campaign advertisement listing all of the regional funds associated with the Foundation and allowing people to fill out a pledge form indicating which fund they'd like to contribute to. The goal is not only to raise funds but also to get more organizations to set up funds with the Foundation.**
2. Develop youth philanthropy to help provide a leadership cadre for the future. Recruit youth to every local and regional community foundation board.
3. Involve representatives from community foundations' agency funds in the regional community foundation, for example on the board and committees.
4. Sponsor local seminars in partnership with financial advisors to pass on information to nonprofits about the Tax Credit and about charitable trusts (using community foundations to benefit their foundation).
5. Partner with local media to better understand how to get the word out about organized philanthropy and the role of community foundations.
6. The Montana Community Foundation and regional community foundations could convene gatherings to cross-fertilize ideas between the regions. Participants could include local foundations, nonprofits, donors, and churches in an informal yet structured setting, getting people together to identify needs and organize themselves.
7. The Montana Community Foundation could convene community leaders to provide the opportunity to share success stories.



## NONPROFIT ORGANIZATIONS

Jim Soft, Yellowstone Boys and Girls Ranch Foundation, discussion leader

Fred Davison, North Central Montana RC&D

David Gibson, Office of the Governor

Galen McKibben, Image by Design

Steve Nelsen, Governor's Office of Community Service

Michael Schechtman, Big Sky Institute for the Advancement of Nonprofits

David Wesley, Rocky Mountain Elk Foundation

### *Recommendations*

1. **Conduct a statewide survey of what nonprofits need, and use that as a basis to create statewide and community-based coordinated responses and partnerships to help provide synchronized infrastructure, training, and communications.**
2. Educate legislators and the public about the importance of Montana's Endowment Tax Credit. Even though there has been a tax revenue loss, the gain, even in tax revenue, has outweighed, and will continue to outweigh, that loss. The charitable sector and government must work together to lessen the tendency to overreact to the apparent loss in tax revenue.
3. Work with state and local government to encourage Montanans to take advantage of the Tax Credit.
4. Develop a Planned Giving Association.
5. State and local government could improve the environment for organized philanthropy by helping to provide communities, especially rural communities, with things such as community needs assessments that are required for federal grant applications.
6. Create multi-sector partnerships to address the lack of local level skills shared by for-profit and non-profit enterprises.
7. Inventory and build community strengths (infrastructure, social capital, etc.).
8. Communicate directly with local families. High schools newspapers are an effective venue in rural communities.
9. Expand the role of local economic development groups (especially in rural communities lacking United Way organizations) to include promoting awareness and enhancement of organized philanthropy and the role it plays in the economy and the community.
10. To respond to people's fear of opening mail now with the anthrax threat, expand communication efforts to include permission marketing via e-mail (the direct mail of the future).



## **PUBLIC POLICY**

Spence Hegstad, Montana Fish, Wildlife and Parks Foundation, discussion leader

John Delano, John Delano and Associates

Marilyn Frazier, Adventures in Advertising

Hon. Dave Lewis, Montana House of Representatives

Mike Murray, Lewis and Clark County Commission/Montana Association of Counties

### ***Recommendations***

1. **Get information out to the public and policy makers about the impact of the Montana Endowment Tax Credit, where it's going, and who it's helping.**
2. The Governor's Task Force on Endowments and Philanthropy should produce and distribute a regular report to the public and policy makers that shows the measured results of their efforts.
3. The Governor's Task Force and/or the Big Sky Institute for the Advancement of Nonprofits should work with Montana's nonprofit organizations to help them provide accountability to donors, for example, percentage of funds allocated to program, administration, and fund raising. (While most nonprofits report this information on IRS form 990, and the information is public record, the information is not standardized or explained. Because organizations track and report expenses differently, it is in their best interest and the best interest of their supporters to provide regular, comprehensible accountability.)
4. Policy makers need to become involved in nonprofit sector relationships and partnerships with ongoing interaction. The Governor's Task Force and the Governor's Office of Community Service appear to be logical places for policy makers to begin to be involved in this sector.
5. The Governor's Task Force on Endowments and Philanthropy should develop a comprehensive education and marketing plan concerning the role and importance of organized philanthropy. Information should be distributed to media, state government, nonprofit organizations, and others. Education is the key to strengthening the sector and encouraging organized philanthropy.

Montana needs to provide a variety of information about the nonprofit sector and philanthropy on a consistent basis. Without keeping philanthropy alive in the people's minds, opportunity is missed.

## **EDUCATION**

Sharen Peters, University of Montana Foundation, discussion leader

George Dennison, University of Montana

Brad Hurd, Helena Independent Record

Sandra Kennedy, Carroll College

Barbara Ranf, Office of the Governor

Obert Udem, Rocky Mountain College

### ***Recommendations***

1. **Form a Planned Giving Council, not just for education or nonprofits, but also for professional advisors and financial institutions.** The group would be charged with developing a formal education process, for example, a Montana Institute on Philanthropy — a short-term summer education program, resulting in a certificate or similar credential, that could educate donors, volunteers, nonprofit staff, and interested others about various aspects of organized

philanthropy and nonprofit management. It could be started with VISTA volunteers and incorporate contributions (and expertise) from the business community. By hosting the Institute in the summer at an attractive Montana location, such as the University of Montana's facility at Salmon Lake, the Institute could attract national speakers and high-caliber presenters.

The group cautioned that, while much of the discussion at the Conversation has focused on endowments, we need to balance that with current support for the nonprofit community.

## **CLOSING REMARKS**

Susan Talbot



This has been, for me, a wonderful day. You have all worked hard and intelligently. If we could turn this social capital into rocket thrust we could send a mission to the moon. I have a few final favors to ask. First of all, please take a few minutes and fill out the evaluation form. Part of the success of this Conversation was based on helpful suggestions from the last one. Second, please give a hearty round of applause to our roundtable discussion members, moderators, notetakers, and registration helpers. Also, please thank our corporate sponsors for a delicious lunch.

Bill Pratt and Josh Turner put together the briefing paper, which prepared us so well in advance ... and Josh has been our marvelous Conversation Coordinator. An especially big thanks to them. Finally, we want to thank Governor Martz, Lieutenant Governor Ohs and their staff for their warm and helpful support. And thank you all, very much, for participating.

Now, let's go forth and do good things.

## **NEXT STEPS**

The Governor's Task Force on Endowments and Philanthropy is charged with analyzing, synthesizing, and prioritizing recommendations from this Conversation. On the evaluation form, participants were given the opportunity to volunteer to help continue the work begun at the Conversation. Readers of this report also are encouraged to offer feedback and recommendations, and to consider joining in the work of expanding organized philanthropy in Montana.

For more information on how to take part, please contact:

Sue Talbot, Chair

Governor's Task Force on Endowments and Philanthropy

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## CONVERSATION SPONSORS

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Mountain West Bank  
Turner and Associates  
Western Bank of Chinook

New Ventures in Philanthropy is a privately funded, multi-year initiative of the Forum of Regional Associations of Grantmakers to grow philanthropy in the United States. Its purpose is to encourage new donors — whether individual or corporate — to explore the many pleasures and benefits of organized philanthropy.

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## **APPENDICES**

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Montana's Nonprofit Economic Sector  
Options to Promote Organized Philanthropy  
Participant List  
Steering Committee

## MONTANA'S NONPROFIT ECONOMIC SECTOR

Montana's nonprofit sector is a contradictory mix of astonishing success and frustrating sluggishness.

At a time when our state's private sector is struggling, its nonprofit sector is demonstrating phenomenal growth and strength. Over the past ten years, this sector has seen an increase in revenue; an increase in access points; and an increase in the number and variety of nonprofit organizations. It has also seen an increase in the variety of philanthropic structures and approaches to meet the needs of different donors.

Between 1992 and 1998, total revenues for the state's charitable nonprofits grew sixty-seven percent from \$1.2 billion to just over \$2 billion; and these 501(c)(3) organizations provided the fifth largest source of wages in the Montana economy, paying more than \$648 million to thousands of employees.

Over the same period, the number of reporting charities grew from 886 to 1,228. And, the numbers continue to climb. Today, there are more than 4,400 active 501(c)(3) charities (1,347 reporting charities) in Montana. Between 1995 and 2001, largely as a result of the Montana Endowment Tax Credit, more than \$100 million has been added to the endowments of Montana charities.

While nonprofit organizations have grown and proliferated, the charitable foundations that support them have not kept pace.

Despite the success of the Tax Credit, Montana's national ranking in foundation assets remained unchanged from 1994 at 48th. Because foundation assets determine foundation giving, it is not surprising that grantmaking by Montana foundations also ranks 48th in the nation.

Montana ranks 47th in total giving per capita, down from 45th place in 1994. In 1999, Montana was home to 147 foundations, including small family funds and scholarship funds. This represents .3 percent of all foundations in the United States.

Montana's charitable giving profile continues to place us at the bottom of the list.

### Montana Charitable Giving Profile

Per capita contributions (1998)

**\$12.50**                      **47th in nation**

Number of foundations (1999)

**147**                              **46th in nation**

Foundation assets (1999)

**\$255 million**                      **48th in nation**

Foundation gifts received (1999)

**\$12.9 million**                      **48th in nation**

Foundation grants made (1999)

**\$13.6 million**                      **48th in nation**

# SOME OPTIONS FOR THE FUTURE

## General Capacity Building

- Establish a series of state-level Commissions with the aid of the existing nonprofit “infrastructure organizations,” including those at the state and local level, to review ideas, to rethink the basic values and operations of the nonprofit sector, and to forge a new consensus about the role this sector plays and the way it should function in the years ahead.
- Establish a mentoring program for new foundations.
- Establish a Montana Regional Association of Grantmakers.

## Family Foundations

- Devise an approach to help families review possible mechanisms for involving the next generation in philanthropy.
- Implement a service to help develop or review a donor’s legacy or purpose statements.
- Provide sample charitable investment policies and practices, along with information on how to hire an investment consultant.
- Provide services for family foundations, such as preparing a presentation for a family foundation on the issues associated with geographic dispersion of the family; training next generation family members for philanthropy; etc.
- Sponsor an annual statewide Family Foundations conference.

## Community Foundations

- Develop a council of local community foundations.
- Expand use of donor-advised funds for family philanthropy.
- Place staff in the nine Montana Community Foundation regions to help expand the capacity of local philanthropy.
- Expand unrestricted funds at community foundations to augment grant making.

## Individual Philanthropists

- Research and build a list of consultants who can help donors.
- Establish giving circles where donors pool their funds, invest them, and make joint decisions about how to distribute the income and/or principal of these funds to other philanthropic or charitable organizations in the form of grants.
- Establish donor support and identity groups.
- Conduct a giving seminar for individuals interested

in establishing or strengthening their philanthropic efforts.

## Business and Corporate Giving

- Provide resources nonprofit and corporate executives need to help them build effective partnerships that enhance both mission and business goals, and serve to build the public trust for the nonprofit sector as a whole.
- Challenge businesses to form a giving percent club where businesses base their giving on a pre-established formula calculated as a percentage of pre-tax net profits. Clubs could range from one percent as high as ten percent.
- Create a philanthropic department.

## Education

- Develop degree programs in philanthropy and nonprofit administration.
- Develop classes and programs to train donors, foundations, and nonprofit personnel in organized philanthropy and nonprofit management.
- Establish a university Center for Philanthropy. Create internships and fellowships in organized philanthropy.

## Government

- Establish public foundations to augment agency resources and purposes and help finance unfunded mandates.
- Provide referral of donors to agencies of interest.
- Create agencies, departments, or bureaus of Philanthropic and Nonprofit Affairs.
- Differentiate the nonprofit sector as part of a comprehensive research, education, and public service strategy.

## Promotion of Philanthropy

- Facilitate retreats to discuss the future direction of the family philanthropy, corporate philanthropy, community foundations, etc.
- Provide a clearinghouse of information related to organized philanthropy on a variety of topics of interest to donors, families, and those who work with them.
- Launch a major media campaign to educate the public about this sector and the way it collaborates with government and business to enrich our public life and address our public problems.
- Make grants available for local promotion of philanthropy.

# GOVERNOR'S CONVERSATION ON GIVING AND GRANTMAKING

November 1, 2001

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